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A COMPARATIVE STUDY OF CENTRAL SUBURBS
WITH SPECIAL REFERENCE TO SAVING MOTIVES
OF INVESTORS IN ULHASNAGAR AND KALYAN

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ULHASNAGAR AND KALYAN

ABSTRACT

We have to save a little and invest it wisely. Finance essentially involves the transfer of funds in exchange for goods and services on promise of a future return. An efficient financial sector mobilizes savings and allocates it to those investments which yield the highest rate of return. Savings are the difference between income and consumption. An increase in the volume of real domestic savings means that resources that would have been used for consumption are released for investment. India has high level of saving rate because of high level of saving motives. Everyone seems to understand the basic principle of investment. Investment means the purchase by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period, for achieving this investor has to decide on how and where to deploy his/her saving. Saving motive is a desire to reserve certain portion of income for future. The main objective of investor is to invest in different investment avenues that deliver expected returns and help to meet the risk in future. There should be some motives for making investments. Investors give more importance to create more reserve to meet the risk in future. Understanding the different investment avenues, can be helpful to increase in total investment.

Keywords: Saving motives, Self support motives, Investment avenues.

INTRODUCTION

India has high level of saving rate because of high level of saving motives. We have to save a little and invest it wisely. Finance essentially involves the transfer of funds in exchange for goods and services on promise of a future return. An efficient financial sector mobilizes savings and allocates it to those investments which yield the highest rate of return. Savings are the difference between income and consumption. An increase in the volume of real domestic savings means that resources that would have been used for consumption are released for investment. Everyone seems to understand the basic principle of investment. Investment means the purchase by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period, for achieving this investor has to decide on how and where to deploy his/her saving. The main objective of investor is to invest in different investment avenues that deliver expected returns and help to meet the risk in future. There should be some motives for making investments. Investment means the purchase by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period. Investors give more importance to create more reserve to meet the risk in future. Understanding the different investment avenues can be helpful to increase in total investment.

SAVING MOTIVE

Savings are the difference between income and consumption. Saving motive is a desire to reserve certain portion of income for future. . Saving motives include various factors which are as below:

Saving Motives

- **Precaution:** Desire to build reserve for unforeseen contingencies.
- **Foresight:** To provide for anticipated future needs like old age.
- **Calculation:** Desire to enjoy an enlarged future income like interest and appreciation.
- **Improvement:** To meet gradually increasing expenditure in order to improve the standard of

Living.

- **Independence:** To enjoy a sense of independence and power to do things.
- **Pride:** To pass the fortune to next generation.

SCOPE OF THE RESEARCH

The scope of the study was defined by two factors namely saving motives and Self support motive factors.

STATEMENT OF THE PROBLEM

In the present study, the title of the selected problem is

“A COMPARATIVE STUDY OF CENTRAL SUBURBS WITH SPECIAL REFERENCE TO SAVING MOTIVES OF INVESTORS IN ULHASNAGAR AND KALYAN”

NEED OF STUDY

There are various investment avenues. The paper investigates the investment pattern to find the constituents of domestic savings of people. This paper brings out the importance of saving motives of investors in different investment avenue.

REVIEW OF LITERATURE

Somasundaram (2004) stated in his study that, savings were made for the purpose of meeting the needs of their children.

R Kasilingam and Jayabal (2008) have been attempted to find out the level of saving motive of Indian salaried class people. They mainly focused on various segments of investors, their saving habits, and characteristics of people with different levels of motivation.

OBJECTIVES

The present study has been undertaken with the following objectives:

1. To understand the saving motives of the investors.

2. To study about different investment avenue.
3. To study prioritization of motives by the investors.
4. To recognize the preferred saving avenues among individual investors.

RESEARCH METHODOLOGY

Data collection:

Primary data was collected personally through structured questionnaire. Personal interaction and discussion with the investors have helped to study about preference of investment avenues. Secondary data have been collected from different books, journals and magazines as well as related websites.

Sample:

The type of sampling chosen for the study was convenience and snowball sampling. Respondents in the working an age group of 20-60 years were chosen and interviewed within a period of seven months from April to October, 2013. They were primarily employed in private, public and government sectors. Some businessmen and professional practitioners were also surveyed. The level of respondents varied from clerical level to top management level. Hence, the respondent's profile was heterogeneous.

Sample size:

The sample size for this study was taken to be 250.

Statistical Tools used for analysis:

Graphs, Charts, Tables were prepared for analyzing the data.

DATA ANALYSIS

Table NO. 1: Table showing the Score of Annual Savings (N=250)

Sr. no.	Investment Avenue	Frequency		Total	Percentage
		Male	Female		
1.	Public Provident Fund	10	3	13	5.2
2.	Employee Provident Fund	40	2	42	16.8
3.	Life Insurance Policy	11	14	25	10
4.	Real State	40	2	42	16.8
5.	Post Office Saving Scheme(NSCs, KVPs)	6	7	13	5.2
6.	Bank Deposits	28	29	57	22.8
7.	Mutual Funds	10	2	12	4.8
8.	Gold/Silver	15	14	29	11.6
9.	Credit Societies	4	5	9	3.6
10.	Others	6	2	8	3.2
	Total	170	80	250	100

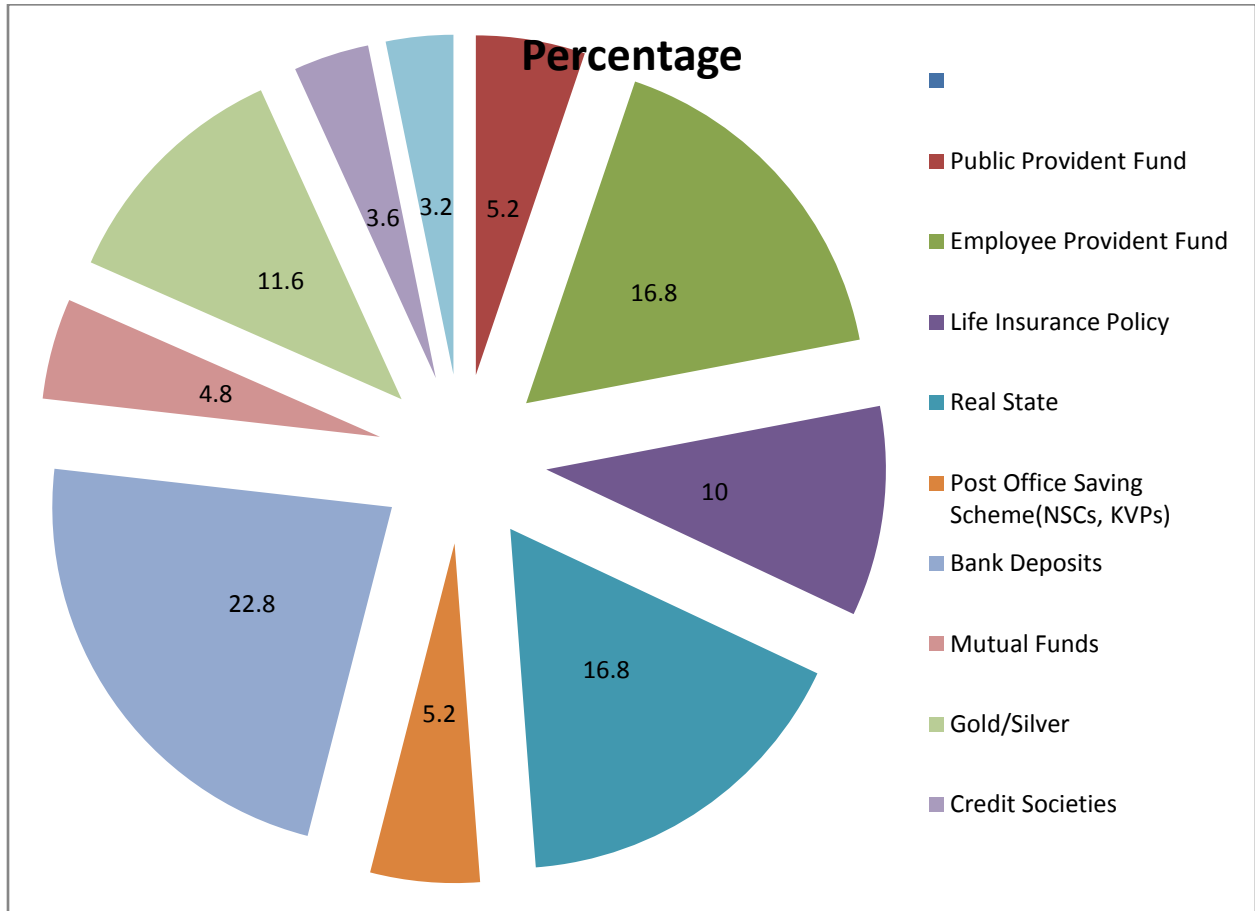


Table No. 1 and Graph No. 1 reflect the various investment sectors/avenues were used for investing their funds, Majority of the respondents found to have investment in Bank Deposits, Employment Provident Fund and Real estate. The focus of their investments was more on Gold /Silver, Life Insurance Policy, Public Provident Fund and Post Office Saving Schemes. Respondents were found to have fewer investment in Mutual Funds, Credit Societies and others like share market.

The investment patterns were categorized into Non-Risky, Risky and Combination. The composition of these three investment classes was determined on the basis of selection of preferred investment options marked by the respondents.

Composition of Non-Risky investment preferences: 1) Bank Deposits;2)Debentures; 3) Gold; 4) Government of India Bonds; 5) Insurance(all plans except term plan, which is a security, not investment); 6) Others (including post office schemes & PPF); 7) Real estate.

Composition of Risky investment preferences are Stock Market investments only.

Table NO. 2: Table showing the priority motives of the investors (N=250)

Sr. no.	Priority Motives	Male	Female	Total	Priority
1.	Foresight	10	8	18	IV
2.	Calculation	7	5	12	V
3.	Improvement	16	12	28	III
4.	Independence	102	35	137	I
5.	Pride	35	20	55	II
	Total	170	80	250	

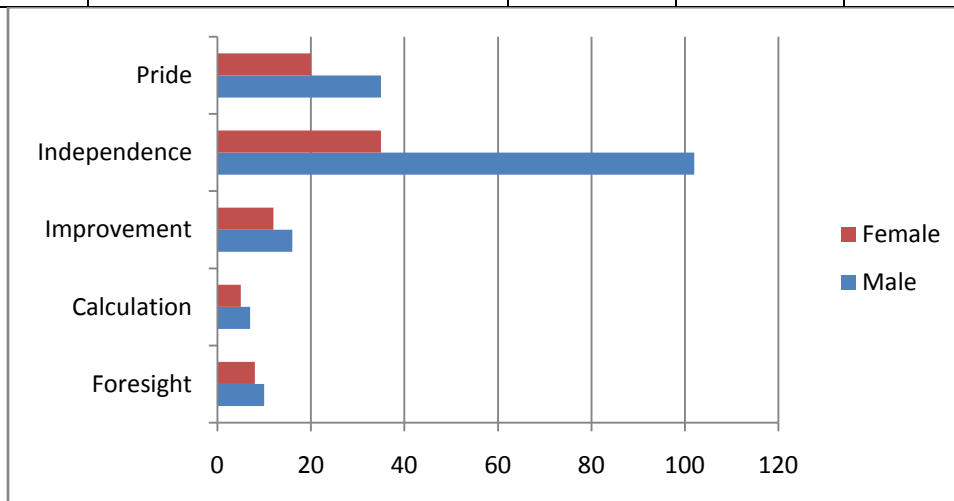


Table NO. 2 and Graph No. 2 reflects that 250 investors (170 males and 80 females) have given importance to live independently after retirement. It means that people want to enjoy their future life in their own styles. Pride was the priority motive of 55 investors. A least priority is given to the investors of purely calculated minds. Investors were found to be comparatively less in priority of improvement. 10 male and 8 female investors have been invested their funds to the unforeseen for contingencies.

Self Support Motive

Self Support Motive is a motive related to needs and wants of an individual. People mainly want to reserve some money for the purpose of meeting their own future contingencies. Self support motives are included in the following table.

Table NO. 3: Table showing the scores of self support motives (N=250)

Sr. no.	Self Support Motives	Male	Female	Total
1.	To provide for anticipated future needs.	156	56	212
2.	To build reserve for unforeseen contingencies	59	40	99
3.	To enjoy an enlarged future income like interest and appreciation	101	48	149
4.	To meet gradually increasing expenditure in order to improve the standard of living	60	29	89
5.	To enjoy a sense of independence	170	80	250

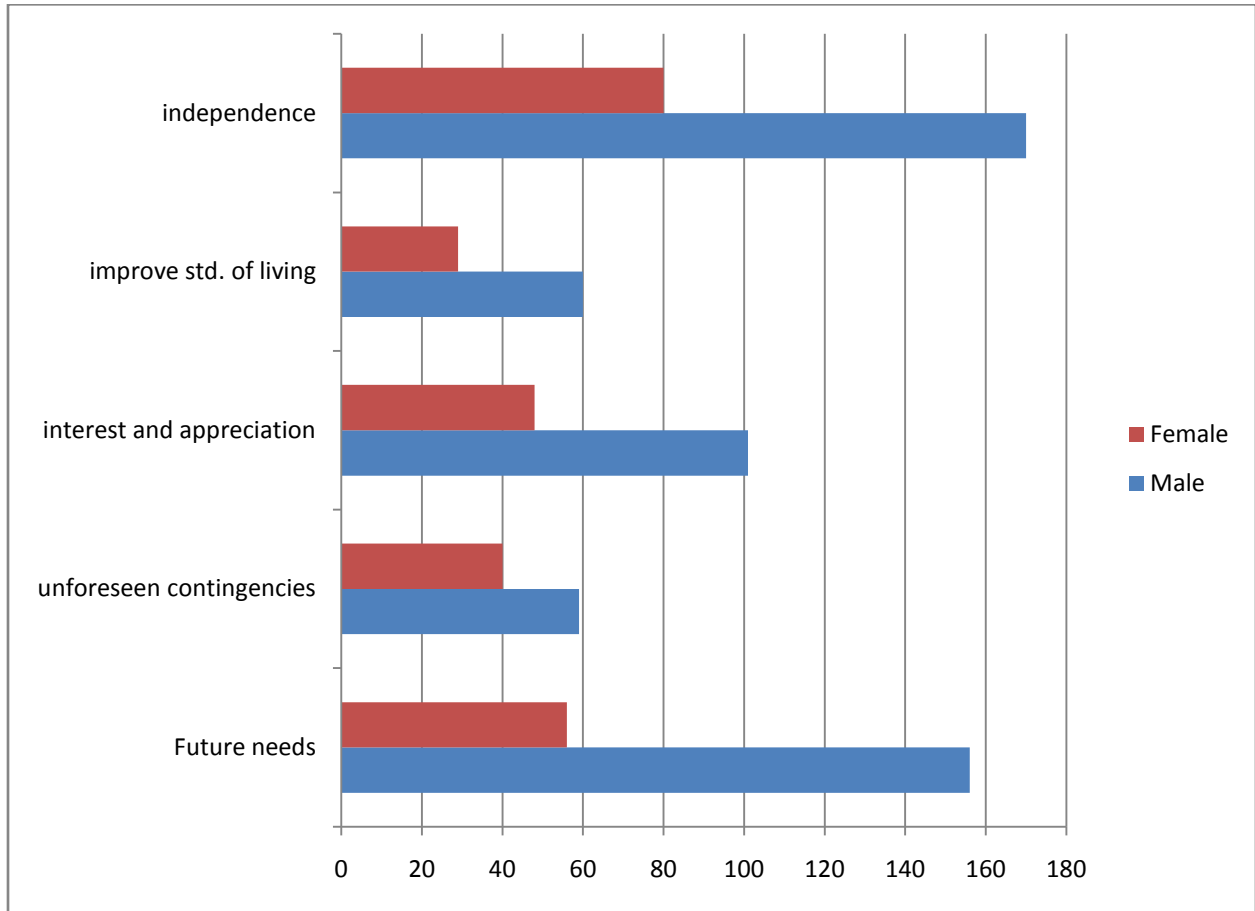


Table No.3 and Graph NO.3 explicit that out of total 250 respondents, 250 respondents were wanted to enjoy a sense of independence in their remaining life of retirement, 212 investors were expected the provision of anticipated future needs. 149 investors were expected the enjoyment of an enlarged future income like interest and appreciation. 99 investors have invested their funds for future unforeseen contingencies and only 89 investors were found to invest their funds in order to improve their standard of living.

FINDINGS

This paper found that bank deposits still continue to be the most preferred form of investment, followed by real estate and public provident fund. However, the paper found three important constituents of domestic savings-Interest Rates, Household Income Levels and Age of Investor.

However, no significant relationship was found between interest rates and stock market investment.

CONCLUSION

The success of investment sector depends on complete understanding of the psychology of the small investors. Amount of savings depends upon the type and level of motivation received by the investors. Although Indians have saving rate, comparatively to the others, we Indians are far behind than the developed countries. The attitude of every individual investor towards financial instrument may be influenced by his investment objective, risk appetite, time horizon of investment, personal state of affairs, and saving motives. Under such situations, this study will help to understand the financial behavior of the investors in connection with scheme preference and saving motives of the investors.

RECOMMENDATIONS AND SUGGESTIONS

Investors have become more alert and choosy. Numbers of investment counselors have to study and try to understand them clearly. This will help the investors to select proper and beneficial avenue. Due to this situation of Indian Economy, investors are thinking to make investment carefully in different avenues. To keep the high level of saving rate, Indians have to continue to provide a high level of investment motives.

LIMITATIONS OF THE STUDY

The geographical coverage of the study was restricted to Ulhasnagar and Kalyan only. The methodology used in this study can be used for a similar study in some parts of the state/country.

SCOPE FOR FUTURE RESEARCH

Someone very rightly mentioned: "No work is complete till you stop trying." The researcher felt that there is scope for further research, improvements and additional insight. Similar study may be conducted in other parts of the state/country on the framework of the present methodology.

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